



Medicaid Reform:
The Deficit Reduction Act Will Achieve Savings,
Preserve Services and Protect Beneficiaries

“The Medicaid changes are focused primarily on pharmaceuticals and are designed to give governors much more flexibility. And I will tell you that a governor who's worth his or her salt is going to be able to expand their care to low-income individuals under these proposals because they'll have more flexibility.”

-- Senate Budget Committee Chairman Judd Gregg, Oct. 31st floor statement

Fact: Total Medicaid spending will be \$1.115 trillion over the next five years, growing from \$192 billion in 2006 to \$260 billion in 2010. The Deficit Reduction Act reduces total Medicaid spending by \$4.3 billion over the next five years, or 0.4 percent.

Fact: Without changes, the Medicaid program is projected to grow 41% over the next five years. With the reductions included in the Deficit Reduction Act, the program will still grow 40%.

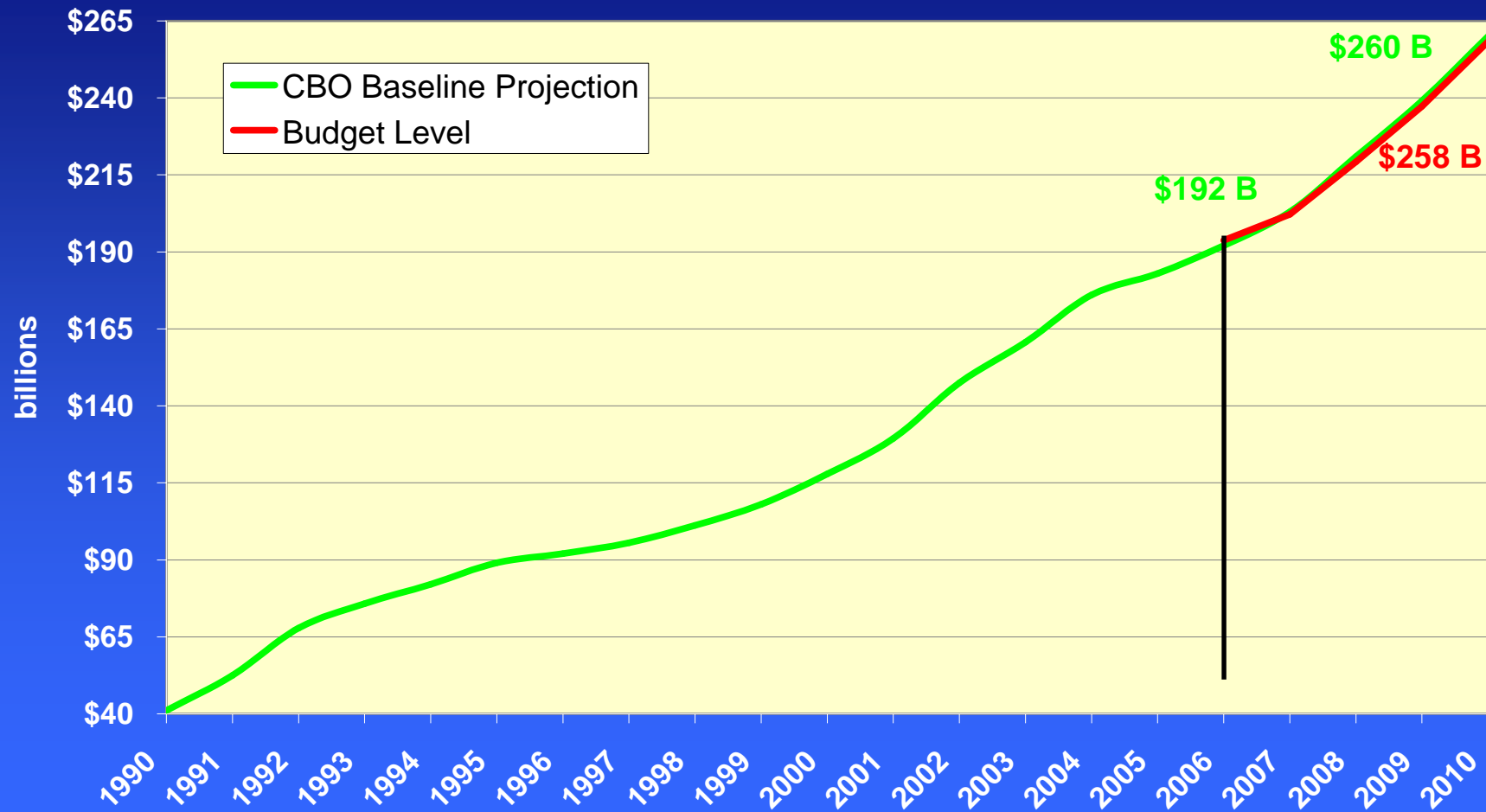
Fact: The \$4.3 billion in net Medicaid reductions over five years comes almost entirely from non-beneficiary reductions. The Medicaid savings result from making reimbursements to pharmacies and drug manufacturers more accurate, clarifying the ways states can use case management programs, and closing a loophole that permits individuals with assets to qualify for long-term care coverage in Medicaid.

Fact: The Deficit Reduction Act will result in increased health benefits for low-income individual and families:

- ü \$1.94 billion in additional Medicaid benefits to 1.9 million Hurricane Katrina victims in Louisiana, Mississippi and Alabama
- ü \$872 million to expand Medicaid benefits to parents of severely disabled children (Family Opportunity Act) so that 500,000 more disabled children can be covered by Medicaid
- ü \$140 million for State Children's Health Insurance Program (SCHIP) to ensure coverage for up to 697,000 low-income children
- ü \$65 million for outreach activities to low-income families
- ü \$105 million for community-based health programs for the low-income

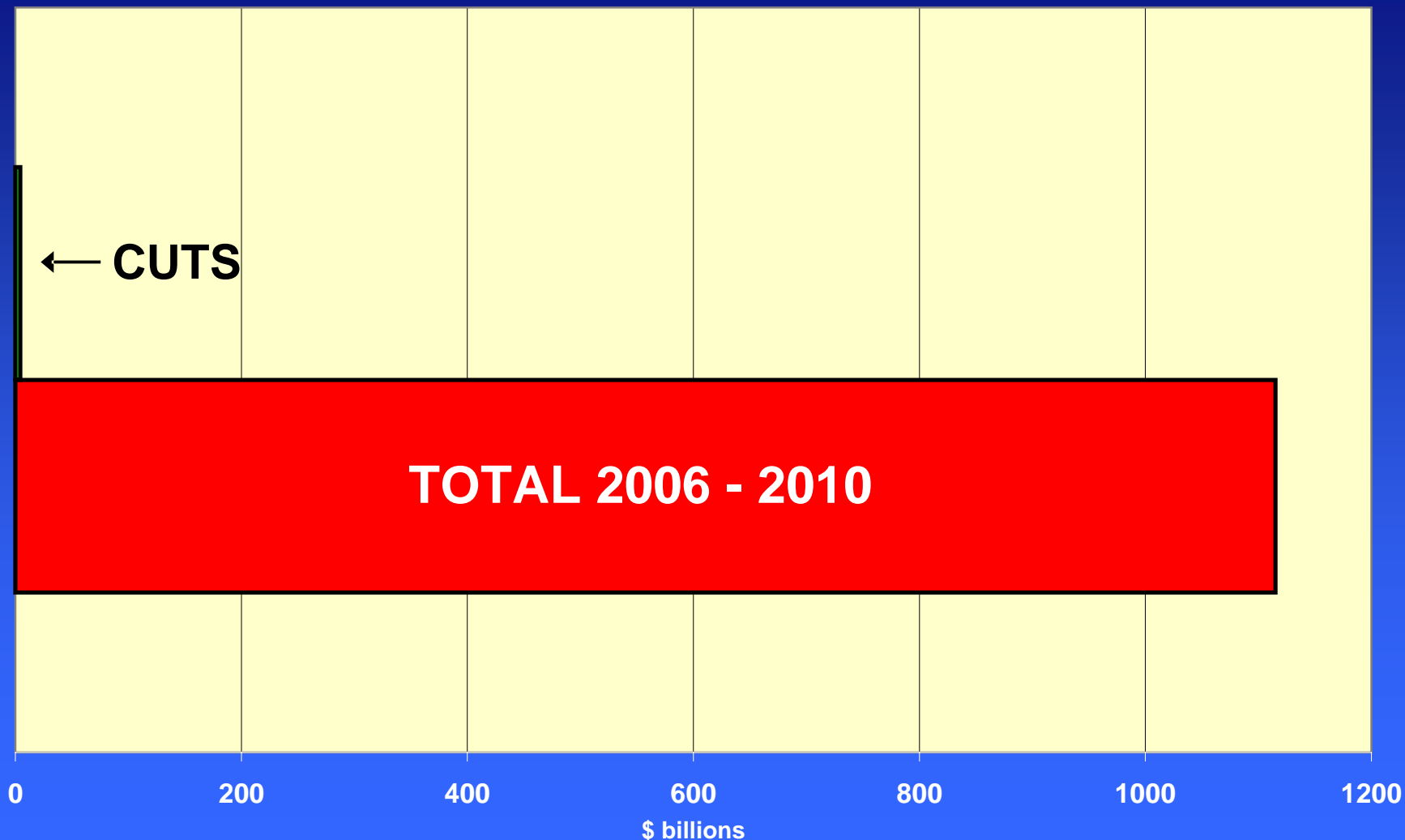
Fact: The \$4.3 billion in reductions in the growth of Medicaid over five years, when adjusted for inflation, is \$4 billion less than Medicaid cuts passed by the Democrats in the Democrat Reconciliation bill in 1993 and \$3 billion less than Medicaid cuts that President Clinton signed into law as part of the 1997 Reconciliation Bill.

MEDICAID SPENDING RESTRAINT IS ACHIEVABLE



Source: CBO, OMB

MEDICAID REDUCTIONS ARE REASONABLE



NET MEDICAID SAVINGS IN 2005 DEFICIT REDUCTION BILL ARE LESS THAN MEDICAID REDUCTIONS IN THE LAST 2 DEFICIT REDUCTION BILLS

